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**ELECTRONICALLY FILED ON  
September 2, 2011**

Counsel for  
Official Committee of Unsecured Creditors

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re:

Case No.: BK-S-10-27855-BAM

AMERICAN PACIFIC FINANCIAL  
CORPORATION,

Chapter 11

Debtor.

**REPLY OF OFFICIAL COMMITTEE  
OF UNSECURED CREDITORS TO  
LARRY POLHILL'S LIMITED  
OPPOSITION TO TRUSTEE'S  
MOTION FOR ORDER  
AUTHORIZING RULE 2004  
EXAMINATION OF ACCOUNTANT  
CRAIG L. GREENE, WITH  
CERTIFICATE OF SERVICE**

Hearing Date: September 6, 2011  
Hearing Time: 11:00 a.m.

The Committee replies to Mr. Pollhill's limited opposition (Ct. Dkt. #382, filed Aug. 26, 2011) to the Trustee's motion for an order authorizing a Rule 2004 examination of the Committee's accountant, Craig L. Greene (Ct. Dkt. #368, filed Aug. 12, 2011; Trustee's Decl., Ct. Dkt. #369).

Mr. Polhill's opposition emphasizes the lack of need for the Trustee to subpoena the Committee's accountant. First, Mr. Polhill states he is willing to execute a confidentiality agreement with the Trustee to provide access to his personal information. Therefore, the Trustee does not need to subpoena the same information from the Committee's accountant. Neither does the Trustee need to depose Mr. Greene about his evaluation of such information. The Trustee is qualified to make his own evaluation of the information, on his own or with the assistance of counsel.

1 Additionally, Mr. Polhill's information is available to the Trustee with a subpoena on Mr.  
2 Polhill rather than the Committee's accountant. Although Mr. Polhill states that his personal  
3 confidential information should not be disseminated to any party without his consent, his personal  
4 financials and tax returns are not privileged. *E.g., St. Regis Paper Co. v. United States*, 368 U.S. 208,  
5 217 (1961); *Heathman v. U.S. District Court*, 503 F.2d 1032, 1034-35 (9th Cir. 1974).

6 At the same time, there is "a public policy against unnecessary public disclosure [of tax  
7 returns, which] arises from the need, if the tax laws are to function properly, to encourage taxpayers  
8 to file complete and accurate returns." *Premium Serv. Corp. v. Sperry & Hutchinson Co.*, 511 F.2d  
9 225, 229 (9th Cir. 1975). Therefore, Judge Pro recently held that the court may only order  
10 production of tax returns "if they are relevant and when there is a compelling need for them because  
11 the information sought is not otherwise available." *Keybank Nat'l Assn. v. Nielson*, Case No. 2:10-  
12 cv-00352-PMP-LRL, 2011 WL 2036975, \*3 (D. Nev. May 24, 2011).

13 In the current case, if Mr. Polhill's tax returns (and other personal confidential information)  
14 are relevant, then the Trustee can obtain them directly from Mr. Polhill. They are clearly available  
15 from Mr. Polhill; this is not a situation where they are not otherwise available except for the copies in  
16 the possession of the Committee's accountant. If the Trustee wants to learn about the finances of Mr.  
17 Polhill and/or Debtor, they should obtain that information directly from them rather than seeking to  
18 depose the Committee's accountant for his opinions and assessments of them.

19 Dated this 2<sup>nd</sup> day of September, 2011

ARMSTRONG TEASDALE LLP

20 By: /s/Louis M. Bubala III  
21 Louis M. Bubala III, Esq.

22 Counsel to The Official Committee of  
23 Unsecured Creditors  
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**CERTIFICATE OF SERVICE**

1. On September 2, 2011, I served the following document(s):

**REPLY OF OFFICIAL COMMITTEE OF UNSECURED CREDITORS TO LARRY POLHILL'S LIMITED OPPOSITION TO TRUSTEE'S MOTION FOR ORDER AUTHORIZING RULE 2004 EXAMINATION OF ACCOUNTANT CRAIG L. GREENE, WITH CERTIFICATE OF SERVICE**

2. I served the above-named document(s) by the following means to the persons as listed below:

■ a. **ECF System** (attach the "Notice of Electronic Filing" or list all persons and addresses):

ATHANASIOS E. AGELAKOPOULOS on behalf of U.S. Trustee U.S. TRUSTEE - LV - 11  
athanasios.agelakopoulos@usdoj.gov

KELLY J. BRINKMAN on behalf of Creditor Hazell, Paul Chew, Veronica  
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JASON C. FARRINGTON on behalf of Defendant KENNETH SILVERMAN  
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PHILIP S. GERSON on behalf of Creditor COUNTY OF SAN BERNARDINO, CALIFORNIA  
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moyeds@sec.gov

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roberts@sullivanhill.com,  
hill@sullivanhill.com;vidovich@sullivanhill.com;stephens@sullivanhill.com;stein@sullivanhill.com  
;calderone@sullivanhill.com;manning@sullivanhill.com;iriarte@sullivanhill.com

MARTHA E. ROMERO on behalf of Creditor COUNTY OF SAN BERNARDINO, CALIFORNIA  
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LENARD E. SCHWARTZER on behalf of Creditor PAUL HAZELL  
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BRIAN D. SHAPIRO on behalf of Interested Party LARRY POHILL  
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ecf@brianshapirolaw.com;brianshapiroesq@yahoo.com;bshapiro@brianshapirolaw.com;candice@br

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KAARAN E. THOMAS on behalf of Debtor AMERICAN PACIFIC FINANCIAL CORPORATION  
kthomas@mcdonaldcarano.com, mmorton@mcdonaldcarano.com

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BLAINE T WELSH on behalf of Creditor Security & Exchange Commission  
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RYAN J. WORKS on behalf of Debtor AMERICAN PACIFIC FINANCIAL CORPORATION  
rworks@mcdonaldcarano.com, [kbarrett@mcdonaldcarano.com](mailto:kbarrett@mcdonaldcarano.com)

■ b. **United States mail, postage fully prepaid** (list persons and addresses):

[to be mailed on August. 29, 2011]

CHRISTOPHER R BARCLAY  
POB 26099

SANTA ANA, CA 92799

(he and counsel also provided electronic notice via court system on Aug. 27, 2011; counsel provided direct email copy on Aug. 27, 2011)

RICHARD A. HALL on behalf of Creditor RICHARD HALL  
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PO BOX 237  
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MICHAEL J. HEYMAN on behalf of Interested Party LARRY POHILL  
K&L GATES LLP  
10100 SANTA MONICA BLVD., 7TH FLOOR  
LOS ANGELES, CA 90067

(Local counsel Brian Shapiro also provided electronic notice via court system on Aug. 27, 2011; he also personally provided direct email copy on Aug. 27, 2011)

MCDONALD CARANO WILSON, LLP  
2300 WEST SAHARA AVENUE  
SUITE 1000  
LAS VEGAS, NV 89102

(also provided electronic notice via court system on Aug. 27, 2011; Ms. Thomas also provide direct email copy on Aug. 27, 2011)

WILLIAM MUDD  
25182 MONTE VERDE DR

LAGUNA NIGUEL, CA 9101

ASHLEY L RUIZ on behalf of Creditor COUNTY OF SAN BERNARDINO, CALIFORNIA  
ROMERO LAW FIRM

6516 BRIGHT AVE.

WHITTIER, CA 90601

(Co-counsel Martha Romero and Phil Gerson also provided electronic notice via court system on  
Aug. 27, 2011)

JEFFREY A. SCHWAB on behalf of Creditor ABELMAN, FRAYNE & SCHWAB (js)  
ABELMAN, FRAYNE & SCHWAB

666 THIRD AVENUE

NEW YORK, NY 10017

(also provided direct email copy on Aug. 27, 2011)

■ c. **By direct email (as opposed to through the ECF System)** (list persons and  
email addresses):

Jim Hill, Trustee, [hill@sullivanhill.com](mailto:hill@sullivanhill.com)

Michael Heyman, Mr. Polhill, [mheyman@klgates.com](mailto:mheyman@klgates.com)

Kaaran Thomas, Debtor, [kthomas@mcdonaldcarano](mailto:kthomas@mcdonaldcarano)

Sara Kalin, SEC, [kalins@sec.gov](mailto:kalins@sec.gov)

Jeffrey A. Schwab at [jaschwab@lawabel.com](mailto:jaschwab@lawabel.com)

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Maria Davis, [mariascuba@yahoo.com](mailto:mariascuba@yahoo.com)

I declare under penalty of perjury that the foregoing is true and correct.

DATED this 2<sup>nd</sup> day of September, 2011

B. Salinas

Name

/s/B. Salinas

Signature